

STATE BONDING FUND
INVESTMENT PERFORMANCE REPORT AS OF OCTOBER 31, 2006

	October-06				September-06				Current	Prior Year	3 Years	5 Years
	Allocation		Month		Allocation		Quarter		FYTD	FY06	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Net ROR	Net	Net	6/30/2006	6/30/2006
LARGE CAP DOMESTIC EQUITY												
<i>Structured Growth</i>												
Los Angeles Capital	77,775	2.7%	2.8%	4.34%	76,653	2.7%	2.8%	1.60%	6.01%	11.12%	N/A	N/A
Total Structured Growth	77,775	2.7%	2.8%	4.34%	76,653	2.7%	2.8%	1.60%	6.01%	11.12%	12.01%	-0.32%
<i>Russell 1000 Growth</i>				3.52%				3.94%	7.59%	6.12%	8.35%	-0.76%
<i>Structured Value</i>												
LSV	84,990	3.0%	2.8%	3.46%	84,460	3.0%	2.8%	4.90%	8.53%	15.05%	21.14%	12.22%
Russell 1000 Value				3.27%				6.22%	9.70%	12.10%	15.70%	6.89%
<i>Russell 1000 Enhanced Index</i>												
LA Capital	162,616	5.7%	5.6%	4.00%	152,896	5.4%	5.6%	3.71%	7.86%	11.58%	N/A	N/A
Russell 1000				3.40%				5.06%	8.62%	9.08%	N/A	N/A
<i>S&P 500 Enhanced Index</i>												
Westridge	163,993	5.7%	5.6%	3.29%	163,265	5.8%	5.6%	5.75%	9.22%	8.77%	N/A	N/A
S&P 500				3.26%				5.67%	9.11%	8.63%	N/A	N/A
<i>Index</i>												
State Street	57,233			3.77%	56,716			5.78%	9.77%	9.51%	11.47%	2.62%
Total 130/30	57,233	2.0%	1.9%	3.77%	56,716	2.0%	1.9%	5.78%	9.77%	9.51%	11.47%	2.62%
S&P 500				3.26%				5.67%	9.11%	8.63%	11.22%	2.49%
TOTAL LARGE CAP DOMESTIC EQUITY	546,607	19.1%	18.8%	3.72%	533,990	19.0%	18.8%	4.49%	8.38%	10.95%	13.63%	3.95%
S&P 500				3.26%				5.67%	9.11%	8.63%	11.22%	2.49%
SMALL CAP DOMESTIC EQUITY												
<i>Manager-of-Managers</i>												
SEI	185,362	6.5%	6.3%	5.47%	175,728	6.3%	6.3%	-0.01%	5.46%	13.58%	18.20%	7.84%
Russell 2000 + 200bp				5.92%				0.94%	6.92%	16.86%	21.06%	10.38%
TOTAL SMALL CAP DOMESTIC EQUITY	185,362	6.5%	6.3%	5.47%	175,728	6.3%	6.3%	-0.01%	5.46%	13.58%	18.20%	7.86%
Russell 2000				5.76%				0.44%	6.22%	14.58%	18.70%	8.50%
INTERNATIONAL EQUITY												
<i>Large Cap - Active</i>												
Capital Guardian	119,115	4.2%	4.0%	3.73%	114,737	4.1%	4.0%	5.02%	8.94%	28.07%	20.99%	6.90%
LSV	116,253	4.1%	4.0%	3.74%	111,972	4.0%	4.0%	6.24%	10.21%	27.09%	N/A	N/A
Total Large Cap - Active	235,368	8.2%	8.0%	3.73%	226,709	8.1%	8.0%	5.62%	9.57%	27.66%	21.92%	12.63%
MSCI EAFE - 50% Hedged				3.38%				4.87%	8.42%	26.72%	22.56%	6.89%
<i>Small Cap - Value</i>												
Lazard	27,936	1.0%	1.0%	4.90%	26,635	0.9%	1.0%	0.72%	5.66%	23.65%	28.06%	N/A
Citigroup Broad Market Index < \$2BN				3.40%				1.53%	4.98%	29.28%	32.40%	N/A
<i>Small Cap - Growth</i>												
Vanguard	28,507	1.0%	1.0%	3.66%	27,500	1.0%	1.0%	3.73%	7.52%	29.24%	32.39%	N/A
Citigroup Broad Market Index < \$2BN				3.40%				1.53%	4.98%	29.28%	32.40%	N/A
TOTAL INTERNATIONAL EQUITY	291,811	10.2%	10.0%	3.83%	280,844	10.0%	10.0%	4.93%	8.95%	27.35%	23.83%	8.67%
MSCI EAFE - 50% Hedged				3.38%				4.87%	8.42%	26.72%	22.56%	6.89%
DOMESTIC FIXED INCOME												
<i>Core Bond</i>												
Western Asset	536,366	18.7%	19.0%	0.90%	531,335	18.9%	19.0%	4.45%	5.39%	-0.90%	7.36%	8.59%
Lehman Aggregate				0.66%				3.81%	4.49%	-0.81%	2.05%	4.97%
<i>Core Plus/Enhanced</i>												
Clifton Group	123,059	4.3%	4.4%	0.52%	122,558	4.4%	4.4%	N/A	N/A	N/A	N/A	N/A
Prudential	122,493	4.3%	4.4%	1.03%	121,190	4.3%	4.4%	N/A	N/A	N/A	N/A	N/A
Total Core Plus/Enhanced	245,551	8.6%	8.8%	0.77%	243,748	8.7%	8.8%	N/A	N/A	N/A	N/A	N/A
Lehman Aggregate				0.66%				3.81%				
<i>Index</i>												
Bank of ND	235,160	8.2%	8.3%	0.61%	233,697	8.3%	8.3%	3.10%	3.73%	-1.14%	1.14%	4.90%
Lehman Gov/Credit (1)				0.63%				3.91%	4.57%	-1.52%	1.04%	4.78%
<i>BBB Average Quality</i>												
Wells Capital (formerly Strong)	536,423	18.7%	19.0%	0.96%	531,191	18.9%	19.0%	4.60%	5.60%	-2.11%	2.63%	N/A
Lehman US Credit BAA				0.89%				4.80%	5.73%	-2.37%	2.63%	N/A
TOTAL DOMESTIC FIXED INCOME	1,553,500	54.3%	55.0%	0.86%	1,539,971	54.8%	55.0%	4.28%	5.18%	-1.39%	6.59%	7.79%
Lehman Aggregate (2)				0.66%				3.81%	4.49%	-0.81%	1.84%	5.28%
CASH EQUIVALENTS												
Bank of ND	285,945	10.0%	10.0%	0.44%	277,253	9.9%	10.0%	1.35%	1.79%	4.50%	2.71%	2.42%
90 Day T-Bill				0.38%				1.33%	1.71%	4.00%	2.37%	2.25%
TOTAL BONDING FUND	2,863,225	100.0%	100.0%	1.95%	2,807,786	100.0%	100.0%	3.84%	5.86%	5.28%	7.24%	5.20%
POLICY TARGET BENCHMARK				1.71%				3.81%	5.58%	4.99%	6.57%	5.10%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.